

U.S. Department of Housing and Urban Development

Public and Indian Housing

Special Attention: Regional and Field Office Directors of Public Housing; Regional Directors, Public Housing Agencies, Financial Management Center Notice PIH 2010 – 8 (HA)

Issued: March 26, 2010

Expired: March 31, 2011

Cross References: PIH Notice 2008-14

Subject: Renewal of Project-Based Certificate Housing Assistance Payments Contracts

1. <u>Purpose:</u> This Notice updates the predecessor Notice on this same subject (PIH Notice 2008-14), and amends instructions for implementing Section 6904 of the U.S. Troop Readiness, Veterans Care, Katrina Recovery, and Iraq Accountability Appropriations Act, 2007, Pub. L. 110-28 (2007 Appropriations Act). PIH Notice 2008-14.

- **2.** <u>Applicability:</u> This Notice applies to all public housing agencies (PHAs) administering the Project-Based Certificate (PBC) and Project-Based Voucher (PBV) programs. The regulations governing the (PBV) program are codified at 24 CFR part 983. Units under the PBC program are subject to the provisions of 24 CFR part 983 codified as of May 1, 2001, except that 24 CFR 983.151(c) on renewals does not apply.
- **3.** <u>Background:</u> Section 6904 of the 2007 Appropriations Act provides that a PHA may renew or extend (hereafter, renew) PBC Housing Assistance Payments (HAP) contracts as PBV HAP contracts under certain conditions. Specifically, such renewals are permitted provided that the initial PBV HAP contract is for a term of up to 15 years and that the rents for the renewed contract are calculated in accordance with section 8(o)(13)(H) of the 1937 Act and HUD's implementing regulations at 24 CFR § 983.301-305. In addition, sections 8(o)(13)(C) ("Consistency With PHA Plan and Other Goals") and 8(o)(13)(D) ("Income Mixing Requirements") do not apply to renewal of PBC contracts as PBV contracts (see paragraph 5 below). Prior to the enactment of the Housing and Economic Recovery Act of 2008 (HERA), which amended Section 8(o)(13)(F) of the United States Housing Act of 1937, the maximum term of a PBV HAP contract was 10 years.
- **4.** <u>Project-Based Certificate Renewals:</u> Currently, PBC HAP contracts are renewed in accordance with the terms of the contract. Generally, depending on the availability of appropriated funds, PHAs may renew PBC HAP contracts for terms of up to five years, to an aggregate total including the original term and all extensions of 15 years. In

addition, PBC owners-like any other interested owners-may apply for available PBV assistance. The amendment, pursuant to the 2007 Appropriations Act, allows for the renewal of PBC contracts as PBV contracts without requiring owners to re-apply for PBV assistance under the program.

5. Conversion of Project-Based Certificate HAP Contracts to Project-Based Voucher HAP Contracts at Renewal: PHAs, at their sole discretion and upon the request of an owner, may renew a PBC HAP contract as a PBV HAP contract in accordance with the regulations governing the PBV program at 24 CFR Part 983. The renewal of PBC assistance as PBV assistance is effectuated by the execution of a PBV HAP contract addendum (Attachment 1) by the PHA and Owner along with the PBV contract for existing housing. A PHA must make the determination, within one year before expiration of a PBC contract, that renewal of the contract under the PBV program is appropriate to continue providing affordable housing for low-income families. The PBC HAP contract is only eligible for renewal as a PBV HAP contract if the owner requests a renewal of the PBC HAP contract or a PBC renewal HAP contract within a reasonable time prior to expiration as established by the PHA, but not more than one year prior to expiration of the HAP contract.

Any PBC contract renewed as a PBV contract is governed by the PBV regulations except that certain statutory provisions and implementing regulations do not apply. Regulations implementing the following statutory provisions are inapplicable to a PBC contract that is renewed as a PBV contract: 1) selection of PBV units must be consistent with the goals of deconcentrating poverty and expanding housing and economic opportunities; 2) PBV HAP contracts must be consistent with the PHA Plan for the agency; and 3) not more than 25 percent of dwelling units in any building may be assisted under a PBV HAP contract.

- 6. **Paperwork Reduction Act.** The information collection requirements contained in this document are approved by the Office of Management and Budget (OMB) under the Paperwork Reduction Act of 1995 (44 U.S C. 2501-3520). The OMB control number is 2577-0169. In accordance with the Paperwork Reduction Act, HUD may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection displays a currently valid OMB control number.
- **7.** <u>Additional Information:</u> For additional information, please contact the Housing Voucher Management and Operations Division at (202) 708-0477.

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